

## **Subcommittee on Financial Reform— Recommendations**

Proposed Charter Language on the Office of Chief Financial Officer, the Audit Committee, and the Office of City Auditor, Prepared for Submission to the Full Committee by Lisa Briggs and James Ingram

Per Subcommittee request, staff has prepared this report for forwarding to the San Diego Charter Review Committee. At the Subcommittee's request, the staff worked with representatives from the City Attorney's Office to propose draft language for the City Charter. These representatives have helped to ensure that the form of the language is acceptable, although they are not authorized to endorse its content.

### **OFFICE OF CHIEF FINANCIAL OFFICER**

#### ***Current Language***

##### **"Section 39: City Auditor and Comptroller.**

The City Auditor and Comptroller shall be elected by the Council for an indefinite term and shall serve until his successor is elected and qualified. The City Auditor and Comptroller shall be the chief fiscal officer of the City. He shall exercise supervision over all accounts, and accounts shall be kept showing the financial transactions of all Departments of the City upon forms prescribed by him and approved by the City Manager and the Council. He shall submit to the City Manager and to the Council at least monthly a summary statement of revenues and expenses for the preceding accounting period, detailed as to appropriations and funds in such manner as to show the exact financial condition of the City and of each Department, Division and office thereof. No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the Auditor and Comptroller shall certify in writing that there has been made an appropriation to cover the expenditure and that there remains a sufficient balance to meet the demand thereof. He shall perform the duties imposed upon City Auditors and Comptrollers by the laws of the State of California, and such other duties as may be imposed upon him by ordinances of the Council, but nothing shall prevent the Council from transferring to other officers matters in charge of the City Auditor and Comptroller which do not relate directly to the finances of the City. He shall prepare and submit to the City Manager such information as shall be required by the City Manager for the preparation of an annual budget. He shall appoint his subordinates subject to the Civil Service provisions of this Charter."

##### **"Section 45: City Treasurer**

The Manager shall appoint a Treasurer subject to confirmation by a majority of the members of the Council. He shall perform duties imposed upon City Treasurers by general law, the City Charter, or ordinances of the Council. The office of the Treasurer shall consist of the Treasurer and such subordinate officers and employees as shall be authorized by ordinance."

[No alterations are proposed for the rest of Charter section 45, and thus it is not reproduced here.]

## ***Proposed Language Recommended by Subcommittee***

### **Section 39: Chief Financial Officer**

The Chief Financial Officer shall be appointed by the City Manager and confirmed by the City Council for an indefinite term and shall serve until his or her successor is appointed and qualified. The Chief Financial Officer shall be the chief fiscal officer of the City. He or she shall exercise supervision over all accounts, and accounts shall be kept showing the financial transactions of all Departments of the City upon forms prescribed by the Chief Financial Officer and approved by the City Manager and the Council. Subject to the direction and supervision of the City Manager, the Chief Financial Officer shall be responsible for the creation of the City's annual budget. He or she shall also be responsible for oversight of the City's financial management, treasury, risk management and debt management functions. He or she shall submit to the City Manager and to the Council at least monthly a summary statement of revenues and expenses for the preceding accounting period, detailed as to appropriations and funds in such manner as to show the exact financial condition of the City and of each Department, Division and office thereof. No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the Chief Financial Officer shall certify in writing that there has been made an appropriation to cover the expenditure and that there remains a sufficient balance to meet the demand thereof. He or she shall perform the duties imposed upon Chief Financial Officers by the laws of the State of California, and such other duties as may be imposed upon him or her by ordinances of the Council, but nothing shall prevent the City Manager from transferring to other officers matters in charge of the Chief Financial Officer which do not relate directly to the finances of the City. The Chief Financial Officer shall prepare and submit to the City Manager such information as shall be required by the City Manager for the preparation of an annual budget. The Chief Financial Officer shall appoint his or her subordinates subject to the Civil Service provisions of this Charter.

### **Section 45: City Treasurer**

The Manager shall appoint the Treasurer. He shall perform duties imposed upon City Treasurers by general law, the City Charter, or ordinances of the Council. The office of the Treasurer shall consist of the Treasurer and such subordinate officers and employees as shall be authorized by ordinance.

## ***Ballot Language to Adopt Proposed Language***

### **Section 39: ~~City Auditor and Comptroller~~Chief Financial Officer.**

The ~~City Auditor and Comptroller~~Chief Financial Officer shall be ~~elected~~appointed by the City Manager and confirmed by the City Council for an indefinite term and shall serve until his or her successor is ~~elected~~appointed and qualified. The ~~City Auditor and Comptroller~~Chief Financial Officer shall be the chief fiscal officer of the City. He or she shall exercise supervision over all accounts, and accounts shall be kept showing the financial transactions of all Departments of the City upon forms prescribed by ~~him~~the Chief Financial Officer and approved by the City Manager and the Council. Subject to the direction and supervision of the of the City Manager, the Chief Financial Officer shall be responsible for the creation of the City's annual budget. He or she shall also be responsible for oversight of the City's financial management, treasury, risk management and debt management functions. He or she shall submit to the City Manager and to the Council at least monthly a summary

statement of revenues and expenses for the preceding accounting period, detailed as to appropriations and funds in such manner as to show the exact financial condition of the City and of each Department, Division and office thereof. No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the ~~Auditor and Comptroller~~ Chief Financial Officer shall certify in writing that there has been made an appropriation to cover the expenditure and that there remains a sufficient balance to meet the demand thereof. He or she shall perform the duties imposed upon ~~City Auditors and Comptrollers~~ Chief Financial Officers by the laws of the State of California, and such other duties as may be imposed upon him or her by ordinances of the Council, but nothing shall prevent the ~~Council~~ City Manager from transferring to other officers matters in charge of the ~~City Auditor and Comptroller~~ Chief Financial Officer which do not relate directly to the finances of the City. ~~He~~ The Chief Financial Officer shall prepare and submit to the City Manager such information as shall be required by the City Manager for the preparation of an annual budget. ~~He~~ The Chief Financial Officer shall appoint his or her subordinates subject to the Civil Service provisions of this Charter.

#### **Section 45: City Treasurer**

The Manager shall appoint ~~the~~ a Treasurer ~~subject to confirmation by a majority of the members of the Council.~~ He shall perform duties imposed upon City Treasurers by general law, the City Charter, or ordinances of the Council. The office of the Treasurer shall consist of the Treasurer and such subordinate officers and employees as shall be authorized by ordinance.

#### ***Staff Addendum***

The Subcommittee did not regard this as a controversial measure. The alteration proposed would split the Auditor and Comptroller's office, so that these two different functions can be separated. As a matter of good government, these two functions should not be performed by the same officer. The proposed change would make it clear that the Chief Financial Officer acts as the City's Comptroller, and allow the auditing function to be handled separately.

The City's Auditor and Comptroller is mentioned at present in Charter sections 45, 70, 71, 72, 74, 80, 82, 83, 86, 87, 88, 89, 110, 111, 112, 126 and 144. Consequently, the staff would recommend the addition of one sentence at the very end of the Charter language proposed above: "The authority, power and responsibilities conferred upon the Auditor and Comptroller by this Charter shall be transferred to, assumed, and carried out by the Chief Financial Officer." This would make it clear that wherever in the Charter the term "Auditor and Comptroller" appears, this should be interpreted to mean "Chief Financial Officer" instead. The only Charter section where this would not be appropriate is Section 111. The staff has recommended making the needed change to Section 111 below in this report.

As reflected in the proposed language, the Chief Financial Officer (CFO) is subject to confirmation by the City Council. As part of its deliberations on this issue, the Subcommittee reasoned that, while Council confirmation is appropriate for the CFO, it is not clear that officers who report to the CFO would also need such confirmation. Consequently, the Subcommittee also recommends that Charter section 45 be altered to grant the City Manager sole authority to appoint the Treasurer. On August

31, the Subcommittee unanimously forwarded this proposed Charter language regarding the CFO and Treasurer.

## **AUDIT COMMITTEE**

### ***Current Language***

The City's present Audit Committee consists of members of the Council. This committee is not provided by any Charter section, but was rather established pursuant to a recommendation of the Kroll Report. All of the Charter sections related to the City's audit function have been listed above. None of these sections contains anything about an Audit Committee. Therefore, no current Charter section would be amended by this particular recommendation; rather a new section would be added to Article VII on the City's financial process.

### ***Proposed Ballot Language Recommended by Subcommittee***

#### **Article VII**

##### **Section [##]: Audit Committee**

The Audit Committee shall be an independent body consisting of five members. To ensure its independence, the Audit Committee shall be composed of two members of the City Council and three members of the public. The two Councilmembers shall be appointed by the Council, one of whom shall serve as Chair of the Audit Committee. The three (3) public members of the Audit Committee shall be appointed by the City Council from a pool of candidates to be recommended by a screening committee comprised of a member of the City Council, the Chief Financial Officer, the City Attorney or his or her designee, the Independent Budget Analyst and two (2) outside financial experts. Public members of the Audit Committee shall possess the independence, experience and technical expertise necessary to carry out the duties of the Audit Committee. This expertise includes but is not limited to knowledge of accounting, auditing and financial reporting. The public members of the Audit Committee shall serve for terms of four years and until their successors have been appointed and qualified. Members of the Audit Committee are limited to two full consecutive terms, with one term intervening before they become eligible for reappointment. Notwithstanding any other provision of this section, appointments shall be made so that not more than one term of office shall expire in any one year.

The Audit Committee shall have oversight responsibility regarding the City's accounting, auditing, internal controls and any other financial or business practices required by this Charter or City ordinance. The Audit Committee shall be responsible for directing and reviewing the work of the City Auditor and the City Auditor shall report directly to the Audit Committee. The Audit Committee shall recommend the annual compensation of the City Auditor and annual budget of the Office of City Auditor to the Council and shall be responsible for an annual performance review of the City Auditor. The Audit Committee shall recommend to the Council the retention of the City's outside audit firm and, when appropriate, the removal of such firm. The Audit Committee shall monitor the engagement of the City's outside auditor and resolve all disputes between City management and the outside auditor with regard to the presentation of the City's annual financial reports. All such disputes shall be reported to the Council. The Council shall specify the powers and duties of the Audit Committee by ordinance.

[Other Charter Sections that need to be looked at to allow these changes: 11.1, 41, 43, 111.]

### ***Subcommittee's Proposed Municipal Code Language***

The Audit Committee shall meet at least quarterly and shall have the following duties:

- (a) Review, discuss and monitor the City's annual audited financial statements and any periodic financial statements with the City Manager, the City Auditor and the outside auditors.
- (b) Based on its review and discussions with management and the outside auditors, recommend to the City Council whether the City's audited financial statements should be received by the City Council.
- (c) Monitor changes to the City's auditing and accounting principles and practices as suggested by the outside auditors or management.
- (d) Monitor the effectiveness of the City's internal controls disclosure controls and procedures in consultation with the City Manager, City Auditor and outside auditors.
- (e) Review, discuss and monitor with the City Manager and the outside auditors:
  - (1) Any material financial or non-financial arrangements that do not appear on the City's financial statements;
  - (2) Any transactions or courses of dealing with parties related to the City that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and that are relevant to an understanding of the City's financial statements;
  - (3) Material financial risks that are designated as such by management or the outside auditors.
- (f) Establish procedures for the receipt, retention and treatment of complaints received by the Audit Committee regarding misuse of City assets; and the confidential, anonymous submission by City's employees or members of the public of concerns regarding such misuse.
- (g) Discuss and with the outside auditors annually or more often if necessary, a report by the outside auditors describing (i) the outside auditors' internal quality-control procedures, and (ii) any material issues raised by the most recent internal quality control review or peer review of the outside auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the outside auditors, and the steps taken to address those issues.
- (h) Review the report by the outside auditors concerning: (i) all critical accounting policies and practices to be used; (ii) any deviation from GAAP in the City's financial statements; and (iii) any other material written communications between the outside auditors and the City's management.
- (i) Review, discuss and monitor with the outside auditors annually or more often if deemed necessary by the Audit Committee, all relationships the outside auditors have with the City in order to evaluate the outside auditors' continued independence, and receive from the outside auditors on an annual basis a written statement regarding the auditors' independence.

The Audit Committee shall have no authority or responsibility to prepare or direct the preparation of the City's financial statements.

## ***Staff Addendum***

The Subcommittee forwarded this recommendation for Charter and Municipal Code language unanimously at its August 31 meeting. The previous Charter language that the Subcommittee had forwarded to the full Committee at the meeting of August 23 was more verbose, in that it included much of the language that this Report instead recommends for addition to the Municipal Code. The Subcommittee heeded the full Committee's concerns regarding the addition of excessive verbiage to the Charter. Consequently, the Subcommittee has reduced its Charter language recommendations to more elegant form, including only that which is necessary in the Charter, and allowing those details not requiring a Charter change to be spelled out by ordinance.

The staff would recommend the addition of one sentence to the proposed Charter language. After the first sentence indicating that the Audit Committee shall contain five members, this sentence should be inserted: "Notwithstanding any other Charter provision to the contrary, the Audit Committee shall be appointed as provided under this section." If this sentence is not added, then it is possible that the appointments language recommended by the Duties of Elected Officials (DEO) Subcommittee and ratified at the full Committee meeting on September 6 would trump the process for appointing the Audit Committee that is proposed in this Charter change. It would have been improper to refer to the Audit Committee within the Charter section proposed by DEO, because the changes proposed by the Subcommittee on Financial Reform are not permitted to occupy the same proposed Charter amendment as changes to Article XV (refer to the state's single-subject rule for charter amendments). Since these items must be voted separately, it is inappropriate for them to refer to each other. If one Charter section were to pass and the other were not, then the DEO language or the SFR language would refer specifically to items not contained in—or issues not raised by—the Charter. The sentence that staff is recommending would ensure that the DEO's appointments language, as well as other Charter sections referring to the appointment of committees (e.g., 41 and 43) would not jeopardize the appointments process that the Subcommittee on Financial Reform is recommending for the Audit Committee.

The representatives of the City Attorney's Office noted that the workings of the Audit Committee may not be entirely congruent with the non-delegation requirements of Charter section 11.1. Consequently, staff would also recommend the inclusion in the above proposed language a sentence that was used in regard to the Salary Setting Commission. The following sentence was included in language recommended by DEO, and approved by the full Committee: "This section shall not be subject to the provisions of section 11.1." This sentence should be added at the end of the proposed new Charter section regarding the Audit Committee.

## **OFFICE OF CITY AUDITOR**

### ***Current Language***

#### **"Section 111: Audit of Accounts of Officers**

Each year the Council shall provide that an audit shall be made of all accounts and books of all the Departments of the City. Such audit shall be made by independent auditors who are in no way connected with the City. Upon the death, resignation or removal of any officer of the City, the Auditor and Comptroller shall cause an audit

and investigation of the accounts of such officer to be made and shall report to the Manager and the Council. Either the Council or the Manager may at any time provide for an independent examination or audit of the accounts of any or all officers or Departments of the City government. In case of death, resignation or removal of the Auditor and Comptroller, the Manager shall cause an audit to be made of his accounts. If, as a result of any such audit, an officer be found indebted to the City, the Auditor and Comptroller, or other person making such audit, shall immediately give notice thereof to the Council, the Manager and the City Attorney and the latter shall forthwith proceed to collect such indebtedness."

### ***Proposed Ballot Language Recommended by Subcommittee***

#### **Article VII**

##### **Section [##]: Office of City Auditor**

The City Auditor shall be appointed by the City Manager, in consultation with the Audit Committee, and confirmed by the Council. The City Auditor shall be a certified public accountant or certified internal auditor. The City Auditor shall serve for a term of ten years. The City Auditor shall report to and be accountable to the Audit Committee and the Council. The City Auditor may be removed for cause by a vote of four-fifths of the members of the Audit Committee subject to the right of the City Auditor to appeal to the Council to overturn the Audit Committee's decision. Any such appeal must be filed with the City Clerk within 10 calendar days of receiving the notice of dismissal or termination from the Audit Committee. The City Clerk shall thereafter cause the appeal to be docketed at a regular open meeting of the Council no later than 30 days after the appeal is filed with the Clerk. The Council may override the decision of the Audit Committee to remove the City Auditor by a vote of two-thirds of the members of the Council.

The City Auditor shall prepare annually an Audit Plan and conduct audits in accordance therewith and perform such other duties as may be required by ordinance or as provided by the Constitution and general laws of the State. The City Auditor shall have access to, and authority to examine any and all records, documents, systems and files of the City and/or other property of any City department, office or agency, whether created by the Charter or otherwise. It is the duty of any officer, employee or agent of the City having control of such records to permit access to, and examination thereof, upon the request of the City Auditor or his or her authorized representative. It is also the duty of any such officer, employee or agent to fully cooperate with, and to make full disclosure of all pertinent information. All City contracts with consultants, vendors or agencies will be prepared with an adequate audit clause to allow the City Auditor access to the entity's records needed to verify compliance with the terms specified in the contract. Results of all audits and reports shall be made available to the public subject to exclusions of the Public Records Act.

### ***Subcommittee's Proposed Municipal Code Language***

Pursuant to Charter Section [##], in addition to the duties enumerated therein, the City Auditor shall have the following powers and duties:

- (a) The Audit Plan required in Charter Section [##] shall be based on a formal Risk Assessment of City operations. The Risk Assessment shall be performed in accordance with the Professional Practice of Internal Auditing. Those City activities, organizational units, or functional

processes that have the highest level of inherent risk, as identified in the Risk Assessment, shall be included in the annual Audit Plan.

- (b) On or before September 1 of every year, the City Auditor shall conduct an annual audit of the City's internal financial controls, and post audits of the fiscal transactions and accounts kept by or for the City and its departments, offices and agencies. Such audits shall include but not be limited to the evaluation of key controls over financial reporting, examination and analysis of fiscal procedures and the examination, checking and verification of accounts and expenditures. The audits shall be conducted in accordance with Generally Accepted Government Auditing Standards in conjunction with the City Standards for the Professional Practice of City Auditing, and shall include tests of the accounting records and other auditing procedures as the City Auditor may deem necessary under the circumstances. The audits shall include the issuance of suitable reports of examination in order to assure that the Audit Committee, Council, City Manager, and the public will be informed as to the adequacy of the City's internal controls over financial reporting.
- (c) Conduct performance audits, as appropriate, of any City department, office or agency. A "performance audit" means a post audit which determines with regard to the purpose, functions and duties of the audited agency all of the following:
  - (1) Whether the audited department, office or agency, is managing or utilizing its resources, including public funds, personnel, property, equipment and space in an economical and efficient manner.
  - (2) Causes of inefficiencies or uneconomical practices, including inadequacies in information management systems, internal and administrative procedures, organizational structure, use of resources, allocation of personnel, purchasing policies and equipment.
  - (3) Whether the purposes and/or functions of the department or agency are being satisfactorily achieved.
  - (4) Whether objectives established by the City Manager, Council or other authorizing body are being met.
  - (5) Whether audit recommendations will improve efficiency and effectiveness.
- (d) Conduct special audits and investigations. "Special audits" and "investigations" mean assignments of limited scope, intended to determine:
  - (1) The accuracy of information provided to the City Manager, Council, Audit Committee or public.
  - (2) The costs and consequences of recommendations made to the Council.
  - (3) The validity of accusations of material fraud, waste or abuse reported through the City's confidential hotline and other sources.
  - (4) Other information concerning the performance of City Departments, Offices or Agencies as requested by the City Manager or Audit Committee.
- (e) Prepare and submit to the Audit Committee, at least quarterly, a written report of the City Auditor's activities and findings, together with any recommendations to improve the administration of the City;
- (f) Perform other auditing functions, consistent with other provisions of the Charter, and prepare and submit such other reports, as may be requested by the City Manager, City Council or Audit Committee such as but not limited to:



- (1) Assessing the compliance of City departments, agencies and vendors with appropriate City, State and Federal policies, procedures, laws, regulations, and contracts.
- (2) Evaluating whether City assets are properly accounted for and safeguarded from losses.
- (3) Reviewing the City's information technology systems to ensure electronic data is accurately processed and adequately safeguarded.

### ***Staff Addendum***

At present, the Charter does not establish any City officer with the authority to audit the City. The Charter section 39 provisions for an Auditor and Comptroller primarily authorize that officer to act as an accountant rather than as a true auditor. The failure to provide for a proper auditing function may account for the City's present financial difficulties. Perhaps the inaccurate CAFR's, the resulting SEC oversight, and the pension and infrastructure under-funding analyzed by the Kroll Report could all have been prevented if the City had only established a more adequate process than the one ensconced by Charter sections 39 and 111.

Charter section 111 might need to be altered in order to implement this particular Subcommittee recommendation, but the change would not abolish the City's outside audits. Rather, the City's outside auditing function will be supplemented by the work of the proposed City Auditor. In other cities, the auditor is authorized to conduct more than mere financial audits, and may also provide management audits, performance audits and generally analyze the efficiency and economy of city operations. The Municipal Code language that the Subcommittee has proposed represents the state of the art in auditing, and includes all of the procedures that have worked to improve the delivery of services in other cities. It would not be as easy for an outside auditor to perform all of these audits. It is improbable that such an auditor would understand the City's internal operations and work as collaboratively with management to increase its productivity. Yet the proposed process would continue the City's use of outside auditing agencies to ensure adequate oversight.

The Subcommittee forwarded this recommendation on the Office of Internal Auditor at its August 31 meeting. The vote for the recommendation was 3 affirmative, 2 negative. The two Subcommittee members that opposed the recommendation stated that it would be more appropriate for the City to elect the City Auditor. These Subcommittee members were concerned that the proposed language follows neither the Kroll Report nor the recommendations of the Association of Local Government Auditors (ALGA). The dissenting members stated that "the Comptroller General's Independence Standard requires the auditor '...should be free both in fact and appearance from personal, external and organizational impairments'. In order to communicate these objections more fully, the staff has attached the Minority Report at the end of this document.

The Subcommittee took extensive input regarding this issue over multiple meetings. At a number of meetings, the Subcommittee reviewed letters from the ALGA. At the August 31 meeting, the Subcommittee members spoke by teleconference with two representatives of that body for 65 minutes, and publicly reviewed its PowerPoint presentation from the November 13, 2006 City Council meeting. In addition,

Subcommittee members had previously read and watched these ALGA presentations individually, outside of meetings. The three Subcommittee members in the majority contended that election of the City Auditor was unnecessary, given the protection afforded the officer by a ten-year term and an independent Audit Committee.

The staff would like to point out that the proposed Charter language on the City Auditor refers to the authority of the Audit Committee. Consequently, it may again be necessary to insert language exempting the proposed Charter section from section 11.1. Therefore, the end of the section on the City Auditor should state: "This section shall not be subject to the provisions of section 11.1."

The staff would also like to recommend that the full Committee revise Charter section 111 in order to achieve the intent of the Subcommittee. The Subcommittee was aware that this section would conflict with its recommendation, but did not vote on specific language to address the inconsistency. The following change should make Charter section 111 consistent with the auditing process that the Subcommittee recommended:

**"Section 111: Audit of Accounts of Officers**

Each year the Council shall provide that an audit shall be made of all accounts and books of all the Departments of the City. Such audit shall be made by independent auditors who are in no way connected with the City. Upon the death, resignation or removal of any officer of the City, the ~~City Auditor and Comptroller~~ shall cause an audit and investigation of the accounts of such officer to be made and shall report to the ~~Manager and the Council~~ Audit Committee. Either the Audit Committee or the Council ~~or the Manager~~ may at any time provide for an independent examination or audit of the accounts of any or all officers or Departments of the City government. In case of death, resignation or removal of the ~~City Auditor and Comptroller~~, the Audit Committee ~~Manager~~ shall cause an audit to be made of his or her accounts. If, as a result of any such audit, an officer be found indebted to the City, the ~~City Auditor and Comptroller~~, or other person making such audit, shall immediately give notice thereof to the Audit Committee, the Council, the Manager and the City Attorney, and the latter shall forthwith proceed to collect such indebtedness. This section shall not be subject to the provisions of section 11.1."

Once again, language exempting the actions of the Audit Committee to the provisions of Charter section 11.1 has been added to this section. It may seem inelegant to place virtually the same sentence in four sections of the Charter, relating to salary setting, the Audit Committee, the City Auditor and outside auditors. Of course, the alternative would be to amend Charter section 11.1. In the interests of full disclosure, the staff has reproduced the pertinent language of Charter section 11.1 below:

**"Section 11.1: Legislative Power — Nondelegable**

The same prohibition against delegation of the legislative power which is imposed on the State Legislature by Article XI, Section 11a of the Constitution of the State of California shall apply to the City Council of The City of San Diego, so that its members shall not delegate legislative power or responsibility which they were elected to exercise in the adoption of any ordinance or resolution which raises or spends public monies, including but not limited to the City's annual budget ordinance or any part thereof, and the annual ordinance setting compensation for City employees, or any ordinance or resolution setting public policy.

###"